

Fiscal Service, Treasury

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TT&L depository that accepts electronic and/or paper Federal tax payments and retains a portion of the tax deposits in its TIP main account balance. An investor depository is a TT&L depository that accepts direct investments, SDIs, or dynamic investments and may accept electronic and/or paper Federal tax payments and retain a portion of those tax deposits. Collector, retainer, and investor depositories may accept term investments. Retainer and investor depositories do not have to participate in PATAX.

§ 203.4 Financial institution eligibility for designation as a TT&L depository.

(a) To be designated as a TT&L depository, a financial institution must be insured as a national banking association, state bank, savings bank, savings association, building and loan, homestead association, Federal home loan bank, credit union, trust company, or a U.S. branch of a foreign banking corporation, the establishment of which has been approved by the Comptroller of the Currency.

(b) A financial institution must possess the authority to pledge collateral to secure TT&L account balances, a TIP main account balance, an SDI account balance, or a TIO account balance as applicable.

(c) In order to be designated as a TT&L depository for the purposes of processing Federal tax deposits through PATAX, a financial institution must possess under its charter either general or specific authority permitting the maintenance of the TT&L account, the balance of which is payable on demand without previous notice of intended withdrawal. In addition, investor depositories and retainer depositories must possess either general or specific authority permitting the maintenance of a TIP main account balance or an SDI account balance. Investor, retainer, and collector depositories that accept term investments must possess either general or specific authority permitting the maintenance of a TIO account balance. In the case of investor and retainer depositories maintaining a TIP main account balance or an SDI account balance, the authority must permit it the

maintenance of a TIP main account balance or an SDI account balance which is payable on demand without previous notice of intended withdrawal.

§ 203.5 Designation of financial institutions as TT&L depositories.

(a) *Parties to the agreement.* To be designated as a TT&L depository, a financial institution must enter into a depository agreement with Treasury or Treasury's Fiscal agent. By entering into this agreement, the financial institution agrees to be bound by this part, and procedural instructions issued pursuant to this part. Treasury will not compensate depositories for servicing and maintaining a TT&L account, or for processing tax payments through EFTPS or PATAX, unless otherwise provided for in procedural instructions.

(b) *Application procedures.* (1) An eligible financial institution seeking designation as a TT&L depository must file the forms specified in the procedural instructions with the TSC. A TT&L depository must elect to be one or more of the following:

- (i) A collector depository;
- (ii) A retainer depository;
- (iii) An investor depository.

(2) A financial institution is not authorized to maintain a TT&L account, TIP main account balance, SDI account balance, or TIO account balance until the TSC designates it as a TT&L depository.

§ 203.6 Obligations of TT&L depositories.

A TT&L depository must:

(a) Administer a TIP main account balance, SDI account balance, or TIO account balance, as applicable, if participating in the investment program.

(b) Administer a TT&L account, if participating in PATAX.

(c) Comply with the requirements of Section 202 of Executive Order 11246, entitled "Equal Employment Opportunity" (3 CFR, 1964-1965 Comp., p. 339) as amended by Executive Orders 11375 and 12086 (3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1978 Comp., p. 230), and the regulations issued thereunder at 41 CFR chapter 60.

(d) Comply with the requirements of Section 503 of the Rehabilitation Act of

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1973, as amended, and the regulations issued thereunder at 41 CFR part 60-741, requiring Federal contractors to take affirmative action to employ and advance in employment qualified individuals with disabilities.

(e) Comply with the requirements of Section 503 of the Vietnam Era Veterans' Readjustment Assistance Act of 1972, as amended, 38 U.S.C. 4212, Executive Order 11701 (3 CFR 1971-1975 Comp., p. 752), and the regulations issued thereunder at 41 CFR parts 60-250 and 61-250, requiring Federal contractors to take affirmative action to employ and advance in employment qualified special disabled veterans and Vietnam-era veterans.

§ 203.7 Termination of agreement or change of election or option.

(a) *Termination by Treasury.* The Secretary may terminate the agreement of a TT&L depository at any time upon notice to that effect to that depository, effective on the date set forth in the notice.

(b) *Termination or change of election or option by the depository.* A TT&L depository may terminate its depository agreement, or change its option or election, consistent with this part and the procedural instructions, by prior written notice to the TSC.

§ 203.8 Application of part and procedural instructions.

The terms of this part and the procedural instructions issued pursuant to this part will be binding on financial institutions that process Federal tax payments or maintain a TT&L account, TIP main account balance, SDI account balance, or a TIO account balance under this part. By accepting or originating Federal tax payments, the financial institution agrees to be bound by this part and by procedural instructions issued pursuant to this part.

Subpart B—Electronic Federal Tax Payments

§ 203.9 Scope of the subpart.

This subpart prescribes the rules that financial institutions must follow when they process electronic Federal tax payment transactions. A financial institution is not required to be des-

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ignated as a TT&L depository in order to process electronic Federal tax payments. In addition, a financial institution does not become a TT&L depository by processing electronic Federal tax payments under this subpart and may not represent itself as a TT&L depository because it does so.

§ 203.10 Electronic payment methods.

(a) *General.* Electronic payment methods for Federal tax payments available under this subpart include ACH debit entries, ACH credit entries, and same-day payments.

(b) *Conditions to making an electronic payment.* This part does not affect the authority of financial institutions to enter into contracts with their customers regarding the terms and conditions for processing payments, as long as the terms and conditions of those contracts are not inconsistent with this part and with any laws that apply to the particular transactions.

(c) *Payment of interest for time value of funds held.* Treasury will not pay interest on any payment that a financial institution erroneously originates and that subsequently is refunded.

§ 203.11 Same-day reporting and payment mechanisms.

(a) *General.* A financial institution or its authorized correspondent may initiate same-day reporting and payment transactions on behalf of taxpayers. A same-day payment must be received by the FRB by the deadline established by Treasury in the procedural instructions.

(b) *Fedwire® non-value transaction.* By initiating a Fedwire® non-value transaction, a financial institution authorizes the TSC to debit its reserve account for the amount of the Federal tax payment specified in the transaction.

(1) For an investor or retainer depository using a Fedwire® non-value transaction, the TSC will credit the Federal tax payment amount, up to the depository's available TIP main account balance capacity, to the depository's TIP main account balance on the day of the transaction. Throughout the course of the day, the TSC will debit from the